REGISTERED NUMBER: 05815973 (England and Wales)

STRATEGIC REPORT,

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

FOR

IDEAL NETWORKS LIMITED

IDEAL NETWORKS LIMITED (REGISTERED NUMBER: 05815973)

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

IDEAL NETWORKS LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

DIRECTORS:	Mr T Hancock Mr M Henson Ms C Hopkins Mr M Shakoori

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SECRETARY:	Ms C Hopkins
REGISTERED OFFICE:	City View Stroudley Road Brighton BN1 4DJ
REGISTERED NUMBER:	05815973 (England and Wales)
AUDITORS:	BDO LLP 2 City Place Beehive Ring Road RH6 0PA

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report for the year ended 31 December 2020.

REVIEW OF BUSINESS
During the year the principal activities of the business continued to be the design, delivery and management of core technology infrastructure products and services to businesses and public sector organisations. The Directors are satisfied with the performance for the year as set out in the financial statements in the following pages.

Key financial highlights are as follows:

	2020	2019	Change
Turnover	£12,512,093	£12,932,644	-£420,551
Gross Profit	£5,182,010	£5,270,204	-£88,194
Gross Profit as a proportion of turnover	41.4%	40.8%	+0.6%
Operating Profit before exceptional items	£149,416	£453,970	-£294,554
Operating Profit % before exceptional items	1.2%	3.5%	-2.2%
Average number of employees	54	53	+1

The reduction in turnover and decrease in profits in the year is attributed to changes in the business mix. This has included the effect of an increase in the proportion of services business and in the proportion of longer-term contracts won during the year.

PRINCIPAL RISKS AND UNCERTAINTIES
The key risks to the company and mitigating measures are considered to be as follows:

Contract awards, renewal and terms
The principal risk affecting the company's performance is the winning and renewal of commercially sustainable contracts to provide core technology infrastructure related products and services. A failure to win and retain sufficient business risks a loss of income streams which contribute to the firm's central administrative costs and business profits.

The company manages this risk by:
- investment in a highly skilled sales and technical solutions team to ensure that we provide products and services that meet customer need;
- providing breadth and depth of expertise in core technology infrastructure products and services;
- providing a depth of specialist sector knowledge to address customer needs and add value; and
- maintaining close relationships with customers as part of our product offer to ensure that customer needs and challenges are understood and responded to quickly and effectively.

Employee Retention
The company relies on having experienced skilled staff to provide the technological expertise on which our customers rely. Loss of key staff can lead to increased recruitment costs which increase company expenditure, put pressure on performance and make it difficult to achieve company financial targets.

This risk is mitigated by ensuring we have a depth of skills among our staff, through the provision of technical and partner accreditation training and career development, by maintaining strong relationships with technology partners, through the monitoring and benchmarking of reward structures and through the provision of supportive and collegiate environment that continues to make Ideal an attractive place to work.

ON BEHALF OF THE BOARD:

....
Ms C Hopkins - Director

Date: 5/8/2021

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report with the financial statements of the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of information technology consultants.

DIVIDENDS
Dividends of £56,738 on the Ordinary A shares were paid in the year.

Dividends of £nil on the Ordinary B shares were paid in the year.

Dividends of £nil on the Ordinary C shares were paid in the year.

The total distribution of dividends in the year ended 31 December 2020 was £56,738.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

Mr T Hancock
Mr M Henson
Ms C Hopkins
Mr M Shakoori

GOING CONCERN AND COVID-19
The Directors have performed an assessment on going concern including the ongoing effects of the Covid-19 pandemic and restrictions imposed on travel and working practices. Assessments have been undertaken around customer and project continuity as well as forecast cashflow and have included stress-testing the cashflow for a worst case scenario, throughout the review period of twelve months from the date of signing of these financial statements.

Potential impact has been assessed as most likely to come from the effects of customers delaying expenditure on technology infrastructure and from the interruption of project delivery on committed technology infrastructure contracts. In addition, interruptions to customer operations would potentially impact their ability to meet payment due dates leading to a reduction in the Company's cash receipts. A significant proportion of revenue is derived from continuing and renewable managed service and support work which was assessed as a relatively resilient revenue stream and on an ongoing basis provides some protection against the risk of volatility in other areas of the business.

Modelling of potential scenarios indicates that the Company is well placed to continue to operate during a prolonged period of impact. The Board and executive team actively monitor performance and pipeline on a continuous basis and in the event of booked and forecast sales presenting a significant impact to viability would be able to respond by reducing the cost base of the business.

The business currently operates without any third party financing and have not needed to take up loan finance under the government loan scheme set up to support businesses through the pandemic. In the event that cashflow became more challenging, invoice factoring or credit insurance would become an option for ensuring prompt receipt of payment. Additionally, our major technology partners operate their own financing arrangements for equipment which would be available as an option to reduce cash risk and which may also be attractive to customers. To date, we have not experienced bad debts as result of the pandemic but remain alert to the possibility. Despite the uncertainty that Covid-19 presents to trading conditions, the Directors therefore have a reasonable expectation that the company will have adequate resources to continue in existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

....
Ms C Hopkins - Director

Date: 5/8/2021

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF IDEAL NETWORKS LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Ideal Networks Limited ("the Company") for the year ended 31 December 2020 which comprise the income statement, statement of other comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencics or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit. ;or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

Responsibilities of directors
As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- making enquiries of management of the Company's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

- evaluating where fraud might occur in the financial statements and any potential indicators of fraud. We identified potential for fraud in the following areas and performed the following procedures:
  - management override of controls: we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates and judgements. Audit procedures performed included
    - challenging assumptions made by management in their accounting estimates in particular in relation to the estimation of total contract costs; and
    - Identifying and testing journal entries exhibiting certain fraud characteristics.
  - revenue recognition: We reviewed transactions to ensure the associated revenue is reflected in the correct period.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Nigel Harker
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Nigel Harker (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
Gatwick

Date: 05 August 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
TURNOVER	3		**12,512,093**		12,932,644
Cost of sales			**7,330,083**		7,662,440
GROSS PROFIT			**5,182,010**		5,270,204
Exceptional costs		**-**		90,066	
Administrative expenses		**5,182,249**		4,968,280	
			5,182,249		5,058,346
			(239)		211,858
Other operating income			**149,655**		152,046
OPERATING PROFIT	5		**149,416**		363,904
Interest receivable and similar income			**4,331**		11,447
PROFIT BEFORE TAXATION			**153,747**		375,351
Tax on profit	7		**28,892**		79,186
PROFIT FOR THE FINANCIAL YEAR			**124,855**		296,165

The notes on pages 15 to 29 form part of these financial statements

IDEAL NETWORKS LIMITED (REGISTERED NUMBER: 05815973)

STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
PROFIT FOR THE YEAR	**124,855**	296,165
OTHER COMPREHENSIVE INCOME	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**124,855**	296,165

The notes on pages 15 to 29 form part of these financial statements

BALANCE SHEET
31 DECEMBER 2020

	Notes	2020 £	2020 £	2019 £	2019 £
FIXED ASSETS					
Tangible assets	10		**490,224**		557,518
CURRENT ASSETS					
Stocks	11	**18,754**		29,030	
Debtors	12	**8,052,244**		6,125,755	
Cash at bank and in hand		**1,729,647**		1,149,848	
		9,800,645		7,304,633	
CREDITORS					
Amounts falling due within one year	13	**8,666,111**		6,309,448	
NET CURRENT ASSETS			**1,134,534**		995,185
TOTAL ASSETS LESS CURRENT LIABILITIES			**1,624,758**		1,552,703
PROVISIONS FOR LIABILITIES	15		**45,513**		49,150
NET ASSETS			**1,579,245**		1,503,553
CAPITAL AND RESERVES					
Called up share capital	16		**10,102**		10,102
Contributed equity			**73,705**		66,130
Retained earnings			**1,495,438**		1,427,321
SHAREHOLDERS' FUNDS			**1,579,245**		1,503,553

The financial statements were approved by the Board of Directors and authorised for issue on 5/8/2021 and were signed on its behalf by:

....
Director - Ms C Hopkins

The notes on pages 15 to 29 form part of these financial statements

IDEAL NETWORKS LIMITED (REGISTERED NUMBER: 05815973)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Retained earnings £	Contributed equity £	Total equity £
Balance at 1 January 2019	10,102	1,258,334	40,531	1,308,967
Changes in equity				
Total comprehensive income	-	296,165	-	296,165
Dividends	-	(127,178)	-	(127,178)
Share based payment entry	-	-	25,599	25,599
Balance at 31 December 2019	10,102	1,427,321	66,130	1,503,553
Changes in equity				
Total comprehensive income	-	124,855	-	124,855
Dividends	-	(56,738)	-	(56,738)
Share based payment entry	-	-	7,575	7,575
Balance at 31 December 2020	10,102	1,495,438	73,705	1,579,245

The notes on pages 15 to 29 form part of these financial statements

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from/(used in) operations	1	782,325	(281,071)
Tax paid		(131,035)	(45,280)
Net cash generated from/(used in) operating activities		651,290	(326,351)
Cash flows from investing activities			
Purchase of tangible fixed assets		(19,567)	(19,514)
Sale of tangible fixed assets		-	9,500
Interest received		4,331	11,447
Net cash (used in)/generated from investing activities		(15,236)	1,433
Cash flows from financing activities			
Capital repayments in year		-	(53,387)
Loans repaid by directors		56,738	-
Amount withdrawn by directors		(56,255)	(156,680)
Equity dividends paid		(56,738)	(127,178)
Net cash used in financing activities		(56,255)	(337,245)
Increase/(decrease) in cash and cash equivalents		579,799	(662,163)
Cash and cash equivalents at beginning of year	2	1,149,848	1,812,011
Cash and cash equivalents at end of year	2	1,729,647	1,149,848

The notes on pages 15 to 29 form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM/(USED IN) OPERATIONS

	2020	2019
	£	£
Profit before taxation	**153,747**	375,351
Depreciation charges	**86,861**	93,154
Loss on disposal of fixed assets	**-**	5,692
Share based payment cost	**7,575**	25,599
s455 tax charge	**-**	50,754
Finance income	**(4,331)**	(11,447)
	243,852	539,103
Decrease in stocks	**10,276**	15,523
(Increase)/decrease in trade and other debtors	**(1,926,972)**	2,451,507
Increase/(decrease) in trade and other creditors	**2,455,169**	(3,287,204)
Cash generated from/(used in) operations	**782,325**	(281,071)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31.12.20	1.1.20
	£	£
Cash and cash equivalents	**1,729,647**	**1,149,848**

Year ended 31 December 2019

	31.12.19	1.1.19
	£	£
Cash and cash equivalents	1,149,848	1,812,011

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.20	Cash flow	At 31.12.20
	£	£	£
Net cash			
Cash at bank and in hand	**1,149,848**	**579,799**	**1,729,647**
	1,149,848	**579,799**	**1,729,647**
Total	**1,149,848**	**579,799**	**1,729,647**

1. STATUTORY INFORMATION

Ideal Networks Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

Going concern and Covid-19

The Directors have performed an assessment on going concern including the ongoing effects of the Covid-19 pandemic and restrictions imposed on travel and working practices. Assessments have been undertaken around customer and project continuity as well as forecast cashflow and have included stress-testing the cashflow for a worst case scenario, throughout the review period of twelve months from the date of signing of these financial statements.

Potential impact has been assessed as most likely to come from the effects of customers delaying expenditure on technology infrastructure and from the interruption of project delivery on committed technology infrastructure contracts. In addition, interruptions to customer operations would potentially impact their ability to meet payment due dates leading to a reduction in the Company's cash receipts. A significant proportion of revenue is derived from continuing and renewable managed service and support work which was assessed as a relatively resilient revenue stream and on an ongoing basis provides some protection against the risk of volatility in other areas of the business.

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The business currently operates without any third party financing and have not needed to take up loan finance under the government loan scheme set up to support businesses through the pandemic. In the event that cashflow became more challenging, invoice factoring or credit insurance would become an option for ensuring prompt receipt of payment. Additionally, our major technology partners operate their own financing arrangements for equipment which would be available as an option to reduce cash risk and which may also be attractive to customers. To date, we have not experienced bad debts as result of the pandemic but remain alert to the possibility. Despite the uncertainty that Covid-19 presents to trading conditions, the Directors therefore have a reasonable expectation that the company will have adequate resources to continue in existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

TURNOVER
Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of *consideration takes into account trade discounts, settlement discounts and volume rebates.*

Revenue from the sale of equipment and licences is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on delivery of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Revenue from the provision of managed services and support services is recognised over the length of the contract.

Revenue from royalties and commissions is recognised when the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the entity.

TANGIBLE FIXED ASSETS
Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over the term of the lease - 10 years
Fixture and fittings	15% Reducing Balance
Computer and office equipment	15% Reducing Balance
Motor vehicles	20% Reducing Balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

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2. **ACCOUNTING POLICIES - continued**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities
Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

TAXATION
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

DEFERRED TAX
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

FOREIGN EXCHANGE
Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

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2. **ACCOUNTING POLICIES - continued**

STOCKS
Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

FINANCIAL INSTRUMENTS
The company has elected to apply the provision of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provision of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets
Basic financial assets, which include trade and other debtors, intercompany balances, cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities
Basic financial liabilities, including trade and other creditors, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

 continued...

2. **ACCOUNTING POLICIES - continued**

HIRE PURCHASE AND LEASING COMMITMENTS
Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS
The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

continued...

2. **ACCOUNTING POLICIES - continued**

EMPLOYEE BENEFITS
The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

IMPAIRMENT
At each balance sheet date, the company reviews the carrying amount of its assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

SHARE-BASED PAYMENTS
Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the price earnings model. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled shared-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value of the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

SIGNIFICANT JUDGEMENTS AND ESTIMATES
In the application of the firm's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. The estimates and underlying assumptions are based on historical experience and are reviewed on an ongoing basis.

The estimates and assumptions which have the highest risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below:

Depreciation
The company exercises judgements to determine useful lives and residual values of fixed assets. The assets are depreciated down to their residual values over their useful economic lives.

Percentage complete revenue
The estimation of total contract costs represents a significant estimate that impacts the turnover recognised for service contracts. Frequent assessments and reviews are made of actual costs incurred on a contract and the forecast costs associated with completion a service contract. Key inputs into the assessment of forecast costs include the contract work remaining, cost of required resource to complete the remaining work and risks associated with completion of the contractual obligations.

continued...

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2020	2019
	£	£
Sale of Goods	**4,991,323**	5,700,296
Rendering of services	**7,520,770**	7,232,348
	12,512,093	12,932,644

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	**12,311,872**	12,847,235
Europe	**105,260**	69,837
United States of America	**94,961**	361
Asia	-	13,126
Other	-	2,085
	12,512,093	12,932,644

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	**3,494,304**	3,236,134
Social security costs	**386,585**	394,022
Other pension costs	**143,685**	142,458
	4,024,574	3,772,614

The average number of employees during the year was as follows:

	2020	2019
Admin	**9**	8
Delivery	**24**	25
Sales & Solutions	**21**	20
	54	53

continued...

4. EMPLOYEES AND DIRECTORS - continued

A defined contribution pension scheme is operated by the company. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £143,685 (2019 - £142,458). Contributions amounting to £17,854 (2019 - £15,050) were payable to the fund at year end and are included in creditors.

	2020	**2019**
	£	**£**
Directors' remuneration	**189,448**	134,627
Directors' pension contributions to money purchase schemes	**83,900**	83,103

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	**3**	3

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Other operating leases	226,608	282,252
Depreciation - owned assets	86,861	93,155
Loss on disposal of fixed assets	-	5,692
Auditor's remuneration	18,240	20,501
Foreign exchange differences	10,151	(6,653)
Defined contribution pension cost	143,685	142,458

6. EXCEPTIONAL ITEMS

	2020	2019
	£	£
Management restructure and employee settlement costs	-	90,066

In the year ended 31 December 2019, exceptional items related to management restructuring and employee settlement costs. The total costs have been shown as an exceptional cost in the profit and loss account.

continued...

7. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	32,529	80,124
Deferred tax	(3,637)	(938)
Tax on profit	28,892	79,186

RECONCILIATION OF TOTAL TAX CHARGE INCLUDED IN PROFIT AND LOSS
The tax assessed for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Profit before tax	153,747	375,351
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	29,212	71,317
Effects of:		
Expenses not deductible for tax purposes	2,045	9,184
Research and development enhanced deduction	(7,398)	(8,386)
Group relief	-	(969)
Deferred tax movement	-	(938)
Other	5,033	8,978
Total tax charge	28,892	79,186

8. DIVIDENDS

	2020	2019
	£	£
Ordinary A shares of £1 each		
Interim	56,738	91,240
Ordinary B share of £1		
Interim	-	17,049
Ordinary C share of £1		
Interim	-	18,889
	56,738	127,178

continued...

9. DIRECTORS' TRANSACTIONS

Dividends totalling £nil (2019 - £35,938) were paid in the year in respect of shares held by the company's directors.

During the year the directors accrued interest on their directors loan account of £3,455 (2019 - £2,818).

Interest is charged at 2.5% and the loans are repayable on demand. At the year end the balance was a debtor of £155,685 (2019 - £156,168).

10. TANGIBLE FIXED ASSETS

	Improvements to property £	Fixtures and fittings £	Motor vehicles £	Computer equipment £	Totals £
Cost					
At 1 January 2020	264,907	123,981	12,666	597,792	999,346
Additions	-	-	-	19,567	19,567
At 31 December 2020	264,907	123,981	12,666	617,359	1,018,913
Depreciation					
At 1 January 2020	91,075	47,712	7,997	295,044	441,828
Charge for year	26,493	11,444	1,145	47,779	86,861
At 31 December 2020	117,568	59,156	9,142	342,823	528,689
Net book value					
At 31 December 2020	147,339	64,825	3,524	274,536	490,224
At 31 December 2019	173,832	76,269	4,669	302,748	557,518

11. STOCKS

	2020 £	2019 £
Finished goods	18,754	29,030

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12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	4,204,190	2,236,929
Amounts owed by group undertakings	91,527	96,616
Other debtors	53,823	62,205
Deferred costs	2,782,012	2,781,653
Directors' current accounts	155,685	156,168
Prepayments and accrued income	690,109	700,491
Deferred bonus	74,898	91,693
	8,052,244	6,125,755

Amounts owed by parent are unsecured, interest free and repayable on demand.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	963,209	1,381,992
Corporation tax	32,372	130,878
Social security and other taxes	93,087	92,191
VAT	868,042	168,371
Other creditors	20,682	17,623
Accrued expenses	1,581,517	605,253
Deferred income	5,107,202	3,913,140
	8,666,111	6,309,448

continued...

14. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Non-cancellable operating leases	
	2020	2019
	£	£
Within one year	319,220	319,220
Between one and five years	1,276,880	1,276,880
In more than five years	134,685	454,779
	1,730,785	2,050,879

Lessor

At the reporting end date the company had contracted with tenants for the following minimum lease payments:

	2020	2019
	£	£
Within one year	63,689	151,937
Between one and five years	-	64,105
	63,689	216,042

15. PROVISIONS FOR LIABILITIES

	2020	**2019**
	£	**£**
Deferred tax	**45,513**	49,150

	Deferred tax
	£
Balance at 1 January 2020	**49,150**
Provided during year	**(3,637)**
Balance at 31 December 2020	**45,513**

continued...

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
10,100	Ordinary A	£1	**10,100**	10,100
1	Ordinary B	£1	**1**	1
1	Ordinary C	£1	**1**	1
			10,102	10,102

Ordinary A, Ordinary B and Ordinary C shares all have the same rights. Each share entitles the holder to receive notice of and to attend and vote at general meetings of the company; to participate in the profits of the company available for distribution in such amount and in such manner as the company may resolve in general meeting; and in the event of a winding-up, participate in the distribution of any assets of the company (including uncalled shares at the commencement of the winding-up) after paying and discharging the debts and liabilities of the company and costs of the winding-up.

17. DIRECTORS' ADVANCES, CREDITS AND GUARANTEES

The following advances and credits to directors subsisted during the years ended 31 December 2020 and 31 December 2019:

	2020 £	2019 £
Ms C Hopkins and Mr M Shakoori		
Balance outstanding at start of year	**156,168**	(512)
Amounts advanced	**56,255**	209,118
Amounts repaid	**(56,738)**	(52,438)
Amounts written off	**-**	-
Amounts waived	**-**	-
Balance outstanding at end of year	**155,685**	156,168

The directors are partners and the amounts disclosed above are shared equally between them.

During the year the directors paid interest on their director loan account of £3,455 (2019 - £2,818).

Interest is charged on the loan account at 2.5% and the loans are repayable on demand.

18. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is the parent company Ideal Group Holdings Limited which owns all of the issued share capital of the company.

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19. SHARE-BASED PAYMENT TRANSACTIONS

In 2013, the company established an Enterprise Management Incentive share option scheme to key management personnel. The share options were granted on 27 December 2013, 1 January 2015 and 9 & 27 April 2018. The general terms and conditions of each arrangement are:

- Options to be exercised within ten years from the grant date;
- Options issued in 2013 and 2015 can only be exercised after 3 years of continuous employment;
- Options issued in 2018 can only be exercised after a successful probationary period plus 18 months of continuous employment or after 2 years of continuous employment as applicable and subject to the employee meeting the 2018 and 2019 budget for the 2018 options;
- Notice must be given in writing to the Board of Directors of the company; and
- The options can be exercised subject to the employee meeting performance conditions agreed in accordance with their contract of employment

The method of settlement is an equity-based share-based payment arrangement.

The expense in relation to options over the shares in Ideal Group Holdings Limited is recognised by the company as equity settled share based payment cost in the profit and loss and as a capital contribution.

	Number of share options		Weighted average exercise price	
	2020	2019	2020	2019
	Number	Number	£	£
Outstanding at 1 January	1,388	1,388	33.94	33.94
Exercised	-	-	-	-
New options granted	-	-	-	-
Outstanding at 31 December	1,388	1,388	33.94	33.94
Exercisable at 31 December	1,388	756	33.94	32.52

The options outstanding at 31 December 2020 had an exercise price of £16.86 and £35.65 and a remaining contractual life of 4 years and 7 years.

The weighted average fair value of options granted in the year was determined using the Price earnings option pricing model. The Price earnings model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

The expected life used in the model has been adjusted, based on management's best estimate, for the effect of non-transferability, exercise restrictions, and behavioural considerations.

Non-vesting conditions and market conditions are taken into account when estimating the fair value of the option at grant date. Service conditions and non-market performance conditions are taken into account by adjusting the number of options expected to vest at each reporting date.

continued...

During the year the company recognised total share-based payment expenses of £7,575 (2019 - £25,599) which related to equity settled share based payment transactions.